

June 27, 2011

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Dear Chairman Bernanke:

In regard to the pending final rule on debit card interchange fees (as contained in Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the "Act"), the Electronic Transactions Association ("ETA") wishes to reiterate and reinforce its previously stated concerns with respect to the short time frame available for implementation of these regulations. The final rule is being released on June 29, 2011, less than thirty days ahead of the final implementation deadline of July 21, 2011. Any expectation that such changes as envisioned by the Notice of Proposed Rulemaking for debit fee rules could be implemented in less than one month is not reasonable.

Electronic payments systems contain end-to-end chains of varied players who must continue to function efficiently together to make payment systems work as reliably as consumers and merchants have come to expect. The proposed rule will have economic and functional impact on all links in this chain. The Notice of Proposed Rulemaking recognizes the various complexities of tailoring the highly specific provisions of the Act to the vast, diverse, complex and dynamic business and technical environment of the electronic debit card industry. These far-reaching proposals could impact the quality of services provided throughout implementation and challenge underlying business models as they reconstitute the payments industry.

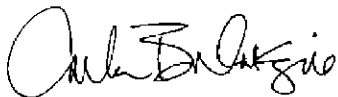
ETA has concerns regarding the amount of time, effort, and resources required to best address the intent of the statute. It is important to note that increasing the complexity of interchange (as the draft rule would suggest) will increase the number of questions and inquiries to our businesses from merchant clients. We will need to spend time and financial resources to educate our employees and to develop the personnel and materials to

effectively explain all the changes to our merchant clients and assist with changes to their point-of-sale equipment and processes. Without sufficient lead time, the intended benefits of the rule may not reach the intended recipients by the July 21, 2011 deadline.

It is critical for proper implementation that all stakeholders be given an appropriate amount of time to incorporate changes of the scope detailed in the draft rule. It is important to note that many of the businesses represented by ETA are in third place in the implementation chain; they cannot act on or even formally plan for their own implementation and compliance until 1) issuers have determined and announced their interchange cost model(s); and 2) networks have determined and announced implementation plans. Furthermore, such changes to the payments system – if not implemented with precision – may carry the potential for business interruption in the delivery of debit transaction services to merchants.

ETA respectfully requests that the Board expand the time frame for implementation of the debit card rule. ETA acknowledges that the Act has provided the Federal Reserve Board with considerable and unique analytical challenges, and we urge the Board to take sufficient time to consider industry and consumer feedback. As always, ETA appreciates the opportunity to provide information and assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Carla Balakgie". The signature is fluid and cursive, with the first name "Carla" being more prominent than the last name "Balakgie".

Carla Balakgie, FASAE, CAE
Chief Executive Officer
Electronic Transactions Association